

Report  
of the  
Examination of  
Parker Centennial Assurance Company  
Stevens Point, Wisconsin  
As of December 31, 2003

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# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

**Jim Doyle, Governor**  
**Jorge Gomez, Commissioner**

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June 6, 2005

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Honorable Jorge Gomez  
Commissioner of Insurance  
State of Wisconsin  
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Madison, Wisconsin 53702

Commissioner:

In accordance with your instructions, a compliance examination has been made of  
the affairs and financial condition of:

PARKER CENTENNIAL ASSURANCE COMPANY  
Stevens Point, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Parker Centennial Assurance Company (Parker Centennial or the company) was conducted in 1999 as of December 31, 1998, by the Ohio Insurance Department. The current examination covered the intervening period ending December 31, 2003, and included a review of such 2004 transactions as deemed necessary to complete the examination.

The examination consisted of a review of all major phases of the company's operations, and included the following areas:

- History
- Management and Control
- Corporate Records
- Conflict of Interest
- Fidelity Bonds and Other Insurance
- Employees' Welfare and Pension Plans
- Territory and Plan of Operations
- Affiliated Companies
- Growth of Company
- Reinsurance
- Financial Statements
- Accounts and Records
- Data Processing

Emphasis was placed on the audit of those areas of the company's operations accorded a high priority by the examiner-in-charge when planning the examination.

The section of this report titled "Summary of Examination Results" contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the company's operations is contained in the examination work papers.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

## **II. HISTORY AND PLAN OF OPERATION**

The company was organized in 1956, under the laws of Arizona, as Western Reserve Life Insurance Company. In 1970 the company's name was changed to Acceleration Life Insurance Company of Arizona. In 1973, Acceleration Life Insurance Company of Arizona merged into an Ohio-domiciled corporation, Acceleration Life Insurance Company (Acceleration Life).

The company has been the acquiring party in a succession of mergers during its history, including G & J Life Company (AZ) and Halleen National Life Insurance Company (AZ) in 1984, Midwest Credit Insurance Company (AZ) in 1985, Acceleration Life Insurance Company of Indiana (IN) in 1986, Northern Great Lakes Life Insurance Company (AZ) in 1987, and Acceleration Life Insurance Company of Pennsylvania (PA) in 1988.

In a transaction effective December 31, 1997, Lyndon Life Insurance Company (IL) acquired Acceleration Life. On January 20, 2000, Protective Life Corporation acquired five insurers of the Lyndon Insurance Group including Acceleration Life and its parent Lyndon Property Insurance Company.

Sentry Insurance a Mutual Company (SIAMCO) acquired Acceleration Life from Lyndon Life Insurance Company, a subsidiary of Protective Life Corporation, by means of a stock purchase agreement dated December 20, 2003, which closed on March 19, 2004. The company was redomiciled to Wisconsin and the name was changed to Parker Centennial Assurance Company (Parker Centennial) effective August 11, 2004.

The company is licensed in the District of Columbia and all states except: California, Connecticut, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. The company plans to obtain licenses in all of the remaining states except New York. It does not, however, currently write any direct premium. SIAMCO plans to use Parker Centennial exclusively for structured settlements.

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of five members elected annually by the shareholder. Officers are elected at the board's annual meeting. Members of the company's board of directors may also be members of other boards of directors in the holding company group. The board members receive no compensation specific to their service on the board because all are employees of the parent, Sentry Insurance a Mutual Company.

The board of directors for Parker Centennial meets once per year. Other actions of the board are evidenced by consent resolutions signed by all directors. This practice is permitted by s. 180.0821, Wis. Stat.

Currently the board of directors consists of the following persons:

<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Dale R. Schuh Stevens Point, Wisconsin	Chairman of the Board, Chief Executive Officer and President, Sentry Insurance a Mutual Company	2005
Janet L. Fagan Stevens Point, Wisconsin	Vice President and Chief Actuary, Sentry Insurance a Mutual Company	2005
William J. Lohr Stevens Point, Wisconsin	Vice President and Treasurer, Sentry Insurance a Mutual Company	2005
William M. O'Reilly Stevens Point, Wisconsin	Vice President, General Counsel and Corporate Secretary, Sentry Insurance a Mutual Company	2005
James J. Weishan Stevens Point, Wisconsin	Vice President – Investments, Sentry Insurance a Mutual Company	2005

### **Officers of the Company**

The officers serving at the time of this examination are as follows. The officers are employed and compensated by Sentry Insurance a Mutual Company. Currently, since the company is dormant, no portion of the officers' salaries is allocated to Parker Centennial Assurance Company.

<b>Name</b>	<b>Office</b>
Dale R. Schuh	Chairman of the Board
Kevin P. Castles	President
William J. Lohr	Treasurer
William M. O'Reilly	Secretary
Richard T. LaBelle	Vice President

### **Committees of the Board**

The company's bylaws allow for the formation of certain committees by the board of directors. The company did not have any committees at the time of the examination.

#### **IV. AFFILIATED COMPANIES**

Parker Centennial is a member of a holding company system (Sentry Insurance Group) controlled by Sentry Insurance a Mutual Company (SIAMCO), a Wisconsin-domiciled mutual insurer. Including Parker Centennial, SIAMCO has 22 subsidiaries and affiliates, including 11 insurers and 11 noninsurance entities. SIAMCO is also affiliated with Dairyland County Mutual Insurance Company of Texas through common management. A chart of all of the entities in the holding company system is presented later in this section of the examination report.

A discussion of all the Sentry Insurance Group affiliated companies is included in the examination report for SIAMCO. This report includes only those affiliates with which Parker Centennial has reinsurance or other important affiliated relationships.

##### **Sentry Insurance a Mutual Company**

SIAMCO owns all of the issued and outstanding common stock of Parker Centennial. SIAMCO is licensed in all 50 states, the District of Columbia, Puerto Rico, and Canada. On a direct basis, the parent company writes a wide range of property and casualty insurance products, predominantly worker's compensation and automobile coverages. SIAMCO has a 60% participation in the affiliated pooling agreement, whereby all property and casualty business written by the Sentry Insurance Group is combined and reapportioned. The 2003 annual statement reported assets of \$4,282,734,663, liabilities of \$2,105,670,251, policyholders' surplus of \$2,177,064,411, and net income of \$116,879,367. SIAMCO was examined concurrently with Parker Centennial as of December 31, 2003, and the results of that examination are expressed in a separate report.

##### **Sentry Investment Management, Inc.**

Sentry Investment Management, Inc., a Delaware corporation organized on June 13, 1969, manages the investment portfolios of SIAMCO and its affiliates, subject to the direction of their respective boards of directors. As of December 31, 2003, the corporation reported \$354,027 in assets, \$218,537 in liabilities, \$135,490 in stockholder's equity, and \$5,538 in net income. The company is a wholly owned subsidiary of SIAMCO.



**Affiliated Agreements**

Parker Centennial has no employees of its own. All operations are conducted by employees of its parent organization, SIAMCO, in accordance with its business practices and internal controls. In addition, the company's operations are affected by written agreements with Sentry Insurance Group affiliates. The reinsurance contracts are described in the "Reinsurance" section of this report. A brief summary of the other agreements follows.

**Service Agreement**

Parker Centennial entered into an intercompany servicing agreement with SIAMCO effective December 31, 2003. This agreement was amended and restated as of March 19, 2004, to include an updated version of Exhibit 1, Intercompany Settlement Policy described below, to add Parker Centennial Assurance Company (Parker Centennial). Services provided by SIAMCO include, but are not limited to, premium accounting and collection, budgeting, disbursement services, administration of loss and loss adjustment expense payments, and management services. The agreement permits Parker Centennial to audit records pertaining to services performed by SIAMCO under this agreement. Termination, or changes in the terms and conditions of service, may be effected by either party on 30 days' written notice. The form of the agreement is structured so that essential aspects of the allocation methodology itself are referenced in attachments which are periodically updated.

**Intercompany Settlement Policy**

The Intercompany Settlement Policy has been amended and restated to add or delete companies as necessary. This contract was last amended and restated as of March 19, 2004, to add Parker Centennial. The cash management area settles intercompany balances, in SLAP where possible, based on policies and procedures listed in the agreement for daily, weekly, monthly, semi-annual and annual settlements. Other settlements under the agreement include reinsurance balances, which are to be settled according to the terms contained in the reinsurance agreements, and Sentry Aviation Services and Sentry Services, which are settled as funds are available.

### **Sentry Complex Income Tax Allocation Agreement**

On February 22, 1983, the SIAMCO board of directors adopted a written federal income tax allocation policy for all companies that are party to SIAMCO's consolidated return. This agreement has been amended and restated to add or delete companies as needed. The latest amended and restated agreement is effective December 31, 2003, and was amended on March 19, 2004, to add Parker Centennial. The key premise of this policy is that parties to the consolidated return that receive a tax reduction through utilization of some other member's tax loss are to compensate that member for the use of the loss. Federal income tax payable and tax benefits receivable are to be settled among the participants on the consolidated return on the same dates as would be required of each participant on a separate return basis.

### **Joint Investment Agreement**

Effective January 1, 1980, Sentry affiliates executed a joint investment agreement to establish the Sentry Liquid Asset Partnership (SLAP), a joint venture organized pursuant to the Wisconsin Uniform Partnership Act. This agreement has been amended and restated to add or delete companies as needed; Parker Centennial joined the partnership effective March 19, 2004. The fifth amended and restated agreement was entered into as of September 1, 2004, to delete Sentry Life Insurance Company of New York (SLONY). SIAMCO is designated as the managing partner, though the agreement permits a change by a majority decision of the participants. A participant may withdraw from the joint venture upon the delivery of written notice to the managing partner. The joint venture shall dissolve at such time as only one participant remains in the joint venture.

The business of the joint venture consists of investing and reinvesting funds contributed by the members in short-term obligations of banks, corporations, and the U.S. federal government with a maximum duration of twelve months. It functions in a manner analogous to a short-term bond mutual fund. Investment advisory services are provided by Sentry Investment Management, Inc. This office has directed all Wisconsin-domiciled Sentry companies to report their respective balances in SLAP as a one-line entry on Schedule DA – Part 1 (Short-Term Investments).

### **Investment Advisory Agreement**

On March 19, 2004, the company entered into an investment advisory agreement with Sentry Investment Management, Inc. (SIMI). Under this contract, SIMI is employed to manage and direct the investment and reinvestment of the assets of Parker Centennial, subject to the control of its board of directors. SIMI agrees to comply with the company's articles, bylaws, investment policies, and all applicable federal and state laws. Provided it acts in good faith, the advisor is held harmless except in the event of a loss resulting from willful misfeasance, bad faith, gross negligence, or reckless disregard. SIMI charges the company a monthly fee computed as follows:

One twelfth (1/12) of an amount equal to the sum of (a) and (b)

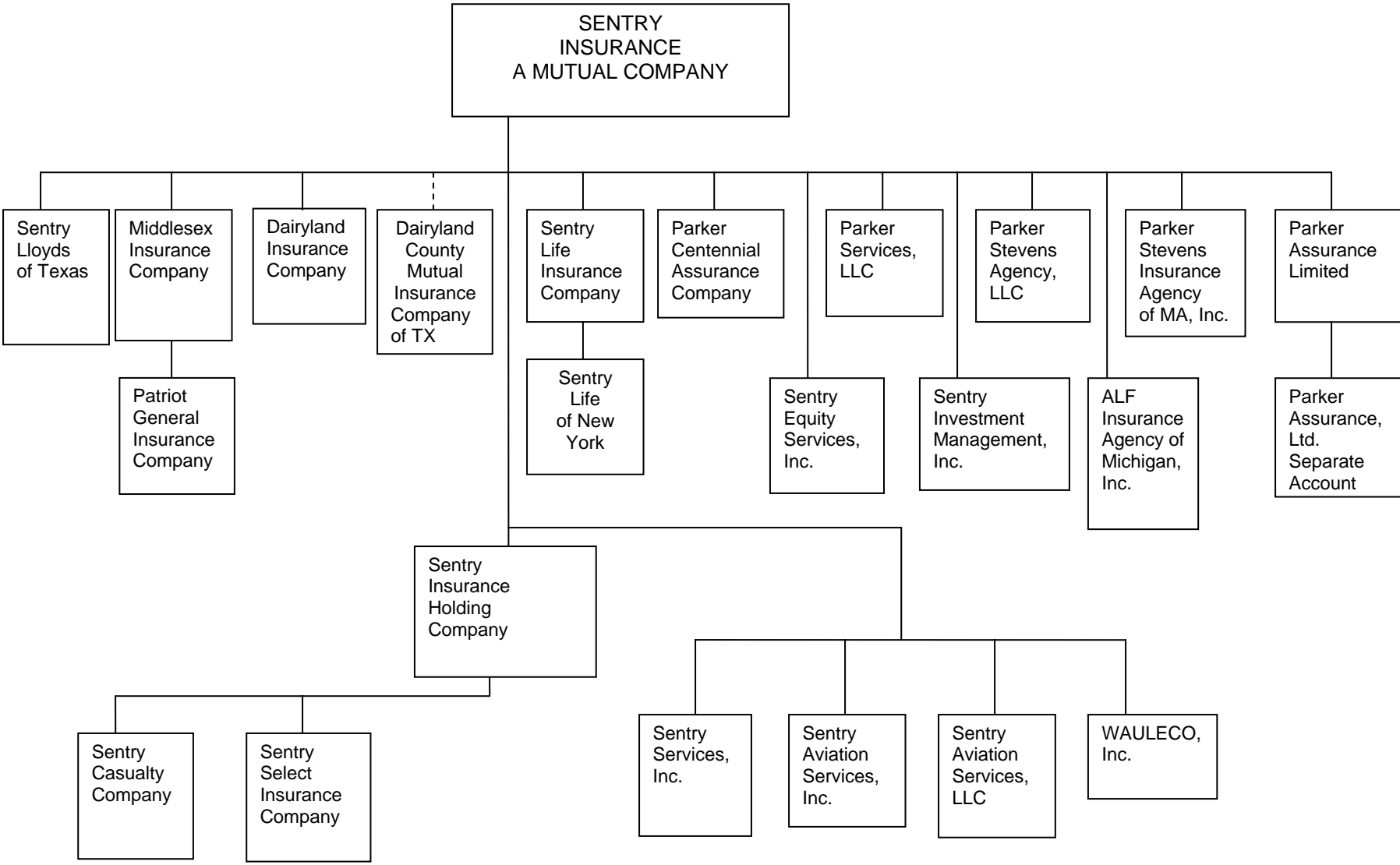
- (a) Common stocks, excluding those of affiliates:  
.379 percent (\$3.79 per \$1,000) of market value;
- (b) Bonds and preferred stocks, excluding those of affiliates:  
.0379 percent (\$.379 per \$1,000) of market value.

In addition, the actual cost of any expense borne by the advisor on behalf of the company is reimbursed. The contract may be terminated by either of the parties with 60 days' written notice.

### **General Expense Allocation Agreement**

In 1993, the insurance companies of the Sentry Insurance Group entered into a written general expense allocation agreement. The agreement formalized the parties' consent to an accounting allocation process that had been in place since 1982. This agreement has been amended and restated to add or delete companies as needed. The latest amended and restated agreement is effective December 31, 2003, and was amended on March 19, 2004, to add Parker Centennial. Under the agreed procedure, expenses are first grouped and assigned to cost pools, each of which is distinguished by one or more of four characteristics, including activity, location, center, and division. Expenses, once assigned to cost pools, are then allocated to specific insurance products. An expense is not assigned to a specific legal entity until after it is coded to a cost pool and then to a specific product. Allocation at each phase of this process, outlined here in simplified form, is based on specific identification, utilization estimates developed from such criteria as premium or claim volume, time studies, or other rational means of distribution.

**Sentry Group  
Organizational Chart  
As of December 31, 2004**



## **V. REINSURANCE**

The company's reinsurance portfolio and strategy are described below. The company has one ceding contract in force at the time of the examination. The contract contained proper insolvency provisions.

All policies, certificates, binders, bonds, obligations and contracts of insurance and reinsurance and any coinsurance or other evidences of liability written, issued, assumed or renewed by Acceleration Life Insurance Company prior to March 19, 2004, were ceded under a 100% coinsurance treaty to Protective Life Insurance Company. This includes a small amount of Credit Life and Credit A&H which is in runoff. The agreement between the reinsurer and the company remains in effect until the last coinsured policy ceases to be in force and all liabilities and obligations under this agreement have been extinguished.

An administrative service agreement was entered into between SIAMCO and Protective Life Insurance Company as a condition to the purchase of Acceleration Life Insurance Company to provide for the administration and management of the coinsured policies by Protective Life Insurance Company.

## **VI. FINANCIAL DATA**

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2003, annual statement. Also included in this section are schedules which reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination."

**Parker Centennial Assurance Company**  
**Assets**  
**As of December 31, 2003**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 7,480,086	\$	\$ 7,480,086
Cash	4,394,851		4,394,851
Investment income due and accrued	<u>156,517</u>	<u>          </u>	<u>156,517</u>
Total Assets	<u>\$12,031,454</u>	<u>\$</u>	<u>\$12,031,454</u>

**Parker Centennial Assurance Company**  
**Liabilities, Surplus, and Other Funds**  
**As of December 31, 2003**

Current federal and foreign income taxes		\$ 108,435
Miscellaneous liabilities:		
Payable to parent, subsidiaries and affiliates		<u>9,144</u>
Total Liabilities		117,579
Common capital stock	\$ 2,000,000	
Gross paid in and contributed surplus	15,276,778	
Unassigned funds (surplus)	<u>(5,362,903)</u>	
Total Capital and Surplus		<u>11,913,875</u>
Total Liabilities, Capital and Surplus		<u>\$12,031,454</u>



**Parker Centennial Assurance Company**  
**Summary of Operations**  
**For the Year 2003**

Net investment income		\$ 290,267
Commissions and expense allowances on reinsurance ceded		<u>(377,522)</u>
Total income items		(87,255)
Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	\$(377,521)	
General insurance expenses	15,706	
Insurance taxes, licenses, and fees excluding federal income taxes	<u>50,119</u>	
Total deductions		<u>(311,696)</u>
Net gain (loss) from operations before dividends to policyholders and federal income taxes		224,441
Federal income taxes incurred (excluding tax on capital gains)		<u>2,069</u>
Net Income		<u>\$ 222,372</u>

**Parker Centennial Assurance Company**  
**Cash Flow**  
**For the Year 2003**

Net investment income		\$ 423,397
Miscellaneous income		<u>(377,522)</u>
Total		45,875
Commissions, expenses paid, and aggregate write-ins for deductions	\$ (311,821)	
Federal and foreign income taxes paid (recovered)	<u>(13,914)</u>	
Total deductions		<u>(325,735)</u>
Net cash from operations		371,610
Proceeds from investments sold, matured, or repaid:		
Bonds	\$4,375,000	
Miscellaneous proceeds	<u>8,113</u>	
Total investment proceeds		4,383,113
Cost of investments acquired (long-term only):		
Bonds	<u>5,063,730</u>	
Net cash from investments		(680,617)
Cash from financing and miscellaneous sources:		
Capital and paid in surplus less treasury stock	4,341,975	
Other cash provided (applied)	<u>44,283</u>	
Net cash from financing and miscellaneous sources		<u>4,386,258</u>
<b>Reconciliation</b>		
Net change in cash and short-term investments		4,077,251
Cash and short-term investments, December 31, 2002		<u>317,600</u>
Cash and short-term investments, December 31, 2003		<u><u>\$4,394,851</u></u>

**Parker Centennial Assurance Company  
Compulsory and Security Surplus Calculation  
December 31, 2003**

Assets	\$12,031,454
Less liabilities	<u>117,579</u>
Adjusted surplus	11,913,875
Compulsory surplus (subject to a \$2,000,000 minimum)	<u>2,000,000</u>
Compulsory surplus excess or (deficit)	<u>\$ 9,913,875</u>
Adjusted surplus (from above)	\$11,913,875
Security surplus: (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum of 110%)	<u>2,800,000</u>
Security surplus excess or (deficit)	<u>\$ 9,113,875</u>

**Parker Centennial Assurance Company  
Reconciliation and Analysis of Surplus  
For the Five-Year Period Ending December 31, 2003**

The following schedule is a reconciliation of total capital and surplus during the period under examination as reported by the company in its filed annual statements:

	2003	2002	2001	2000	1999
Capital and surplus, beginning of year	\$ 7,349,528	\$26,774,695	\$27,466,554	\$22,303,754	\$19,111,622
Net income	222,372	444,122	297,092	4,568,589	2,096,793
Change in net unrealized capital gains or (losses)		98,763	(50,962)	(102,506)	42,074
Change in net deferred income tax		838,744	17,836		
Change in nonadmitted assets and related items		370,258	(85,592)	(63,355)	56,921
Change in liability for reinsurance in unauthorized companies				725,321	1,042,934
Change in asset valuation reserve		206,654	4,795	34,751	(46,590)
Cumulative effect of changes in accounting principles			(875,028)		
Surplus adjustments:					
Paid in	4,341,975				
Dividends to stockholders	<u>          </u>	<u>(21,383,708)</u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital and surplus, end of year	<u>\$11,913,875</u>	<u>\$ 7,349,528</u>	<u>\$26,774,695</u>	<u>\$27,466,554</u>	<u>\$22,303,754</u>

**Parker Centennial Assurance Company  
Insurance Regulatory Information System  
For the Five-Year Period Ending December 31, 2003**

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

<b>Ratio</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
#1 Net change in capital and surplus	3%	-73*%	-3%	23%	17%
#2 Gross change capital and surplus	62*	-73*	-3	23	17
#3 Net income to total income	0 NR	409	34	70	11
#4 Commissions and Expenses to Premiums and Deposits			Discontinued		
#5 Adequacy of investment income	0 NR	0 NR	0 NR	458	731
#6 Nonadmitted to admitted assets	0	0	1	1	0
#7 Total real estate and mortgage loans to cash and invested assets	0	0	0	0	0
#8 Total affiliated investments to capital and surplus	0	1	4	0	2
#9 Surplus relief	-3	-10	-3	49*	49*
#10 Change in premium	0	0	0	-99*	-14*
#11 Change in product mix	0.0 NR	0.0 NR	0.0 NR	0.0 NR	5.0
#12 Change in asset mix	4.7	1.0	1.0	1.0	0.0
#13 Change in reserving ratio	0	0	0	0	0

Ratio No. 1 net change in capital and surplus and Ratio No. 2 gross change in capital and surplus were unusual in 2002 due to a \$21,383,708 dividend to stockholders. In 2003 Ratio No. 2, which measures gross change in capital and surplus, was unusual due to \$4,341,975 of paid in surplus. The company was acquired by Sentry Insurance Group in 2004, consequently the unusual IRIS Ratios from 1999 and 2000 are no longer relevant to the company's current operations.

### Growth of Parker Centennial Assurance Company

Year	Admitted Assets	Liabilities	Surplus
2003	\$12,031,454	\$ 117,579	\$11,913,875
2002	7,446,179	96,651	7,349,528
2001	28,564,071	1,789,375	26,774,696
2000	29,463,515	1,996,960	27,466,555
1999	66,919,303	44,615,549	22,303,754
1998	70,565,942	51,454,320	19,111,622

### Life Insurance In Force (in thousands)

Year	Gross Risk In Force	Ceded	Net
2003	\$ 93,788	\$ 93,788	\$ 0
2002	233,953	233,953	0
2001	471,226	471,226	0
2000	807,193	807,193	0
1999	1,059,460	966,335	93,125
1998	1,104,231	852,842	251,389

### Accident and Health

Year	Net Premiums Earned	Net Losses Incurred	Commissions Incurred	Other Expenses Incurred	Combined Loss and Expense Ratio
2003	\$ 0	\$ 0	\$ 0	\$ 38,837	0.0%
2002	0	0	0	24,060	0.0
2001	0	0	12,004	225,487	0.0
2000	549,047	2,361,069	(4,078,445)	2,845,475	-135.9
1999	4,377,025	2,134,765	1,364,979	2,566,878	138.6
1998	6,607,284	1,129,359	2,849,410	2,701,887	101.1

With the exception of 2003, when assets and surplus increased due to \$4,341,975 paid in surplus, assets and surplus have decreased in each year, most notably in 2002 due to a \$21,383,708 dividend to stockholders. The company entered into a 100% coinsurance agreement in 2000 with Protective Life Insurance Company, which is why there has been neither life insurance in force nor A&H premiums earned since 2000. Acceleration Life was sold to Sentry in 2004 and the reinsurance agreement with Protective Life Insurance Company was amended and restated, among other things, to be in effect until the last coinsured policy ceases to be in force and all liabilities and obligations under this agreement have been extinguished.

The full write-up of the reinsurance agreement can be found in the previous section of this examination report titled "Reinsurance."

#### **Reconciliation of Surplus per Examination**

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2003, is accepted.

## **VII. SUMMARY OF EXAMINATION RESULTS**

### **Compliance with Prior Examination Report Recommendations**

Since the last examination, done as of 1998 by the Ohio Insurance Department, the company was acquired by Sentry Insurance Group and redomiciled to Wisconsin. Comments and recommendations contained in the last examination report are no longer considered relevant and were not reviewed due to change in ownership and operations of the company.



## **Summary of Current Examination Results**

### **Affiliated Companies**

It was noted that the company did not include any amounts in Schedule Y, Part 2, Column 8. (It should be noted that current management was not responsible for completing the 2003 Annual Statement, because the company was purchased by the Sentry Group after year-end 2003.) According to NAIC Annual Statement Instructions – Life, Accident and Health, Schedule Y, Part 2, Column 8, should include all revenues and expenditures under management agreements and service contracts, all income tax amounts resulting from intercompany tax-sharing arrangements, all amounts for contracts for services provided by the insurer or purchased by the insurer from other affiliates, and all compensation under agreements with affiliated brokers and reinsurance intermediaries; the introductory portion of these instructions prescribe materiality limits on what must be reported. The company's interpretation that these limits apply and therefore the company left this schedule blank. Pursuant to s. Ins 40.04, Wis. Adm. Code, all affiliated, management and service agreements are material and therefore the amounts paid to or received from affiliates should be included in Column 8 of Schedule Y, Part 2, pursuant to s. 601.42 (3), Wis. Stat. It is recommended that the company properly complete Column 8 of Schedule Y, Part 2, in all future annual statements, by properly including all revenues and expenditures under management and service agreements pursuant to s. 601.42 (3), Wis. Stat., and s. Ins 40.04, Wis. Adm. Code.

### **Subsequent Events**

As previously mentioned in the "History and Plan of Operation" section of this report, SIAMCO acquired Acceleration Life from Lyndon Life Insurance Company, a subsidiary of Protective Life Corporation, by means of a stock purchase agreement dated December 20, 2003, which closed on March 19, 2004. The company was redomiciled to Wisconsin and the name was changed to Parker Centennial Assurance Company (Parker Centennial) effective August 11, 2004.

SIAMCO has provided a guarantee of up to \$100 million toward the prompt payment of Parker Centennial's liabilities under annuity policies and contracts, and/or for additional capital

contributions to Parker Centennial to meet A.M. Best's capital standards or to provide liquidity.

A.M. Best requested these guarantees in order to agree to assign its rating of SIAMCO to Parker Centennial. This office did not disapprove the proposed guarantee in a letter dated July 13, 2004.

## **VIII. CONCLUSION**

No adjustments were made to surplus as a result of the examination. There was one recommendation made as a result of the examination concerning properly completing Schedule Y, Part 2, Column 8, in the annual statement.

SIAMCO acquired Acceleration Life from Lyndon Life Insurance Company, a subsidiary of Protective Life Corporation, by means of a stock purchase agreement dated December 20, 2003, which closed on March 19, 2004. The company was redomiciled to Wisconsin and the name was changed to Parker Centennial Assurance Company (Parker Centennial) effective August 11, 2004. The company entered into a 100% coinsurance agreement in 2000 with Protective Life Insurance Company which is why there has been neither life insurance in force nor A&H premiums earned since 2000. The reinsurance agreement was amended and restated, among other things, to be in effect until the last coinsured policy ceases to be in force and all liabilities and obligations under this agreement have been extinguished.

SIAMCO plans to use Parker Centennial exclusively for structured settlements. The company plans to obtain licenses in all of the remaining states except New York. SIAMCO has provided a guarantee of up to \$100 million toward the prompt payment of Parker Centennial's liabilities under annuity policies and contracts and/or for additional capital contributions to Parker Centennial in order to meet A.M. Best's capital standards or to provide liquidity. A.M. Best requested these guarantees in order to agree to assign its rating of SIAMCO to Parker Centennial.

## **IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS**

1. Page 23 - Affiliated Companies—It is recommended that the company properly complete Column 8 of Schedule Y, Part 2, in all future annual statements, by properly including all revenues and expenditures under management and service agreements pursuant to s. 601.42 (3), Wis. Stat., and s. Ins 40.04, Wis. Adm. Code.

## **X. ACKNOWLEDGMENT**

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

<b>Name</b>	<b>Title</b>
Amy Wolff	Insurance Financial Examiner
Angelita Romaker	Insurance Financial Examiner
Eleanor Oppriecht	Insurance Financial Examiner
Richard Anderson	Insurance Financial Examiner
Stephen Elmer	Insurance Financial Examiner
Randy Milquet	Insurance Financial Examiner—Advanced
Tim VandeHey	Insurance Financial Examiner—Advanced

Respectfully submitted,

Kerri L Miller  
Examiner-in-Charge